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TO RUEHC/SECSTATE WASHDC PRIORITY 6588  
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RUEHAE/AMEMBASSY ASMARA 0194  
RUEHDK/AMEMBASSY DAKAR 1414  
RUEHLC/AMEMBASSY LIBREVILLE 1076  
RUEHTRO/AMEMBASSY TRIPOLI 0518

UNCLAS SECTION 01 OF 02 NDJAMENA 000534

C O R R E C T E D C O P Y (CLASSIFICATION - UNCLAS)

SENSITIVE  
SIPDIS

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SUBJECT: IMF DELEGATION IN NDJAMENA TO PURSUE THE FUND'S  
"PRAGMATIC" ENGAGEMENT WITH CHAD

REF: A. NDJAMENA 519

[B](#). NDJAMENA 509

[C](#). NDJAMENA 288

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SUMMARY  
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[1](#)1. (SBU) The head of the current visiting IMF delegation told the Ambassador Nov 12 that the visit was aimed at helping Chad get to the budgetary performance point at which the IMF could hope to put a Staff-Monitored Program in place.

The IMF wanted to help Chad's public finance team craft a reasonable 2009 budget. If the GOC could craft a proper budget and then show that it was adhering to sound public finance management procedures under it, the IMF could plan to visit again in the first quarter of 2009 to conceivably put a six-month-long Staff-Monitored Program in place at that time.

The IMF team leader noted the GOC's lack of budgetary discipline in many areas, but said that he believed that the Prime Minister and his new Finance Minister were trying to do the right thing, but that others in the cabinet were not as friendly to the IFIs and far less willing to cooperate with them. We continue to admire the IMF's tenacity in maintaining a working relationship however frayed with Chad. The tale of Chad's budgetary deficiencies is an old one. We continue to hope that the IMF's patience with the GOC will finally start to pay off in 2009, but we are not/not yet prepared to bet on that outcome. END SUMMARY.

[1](#)2. (SBU) The Ambassador received the head of the IMF Article IV (Surveillance Mission) delegation to Chad, Mr. Sukhwinder Singh, and the local IMF representative Joseph Karangwa, November 13. They briefed on the progress of the current visit and prospects for a better Chad-Fund relationship in the future.

[1](#)3. (SBU) Singh reviewed the recent history of the Fund's engagement with Chad, emphasizing that the IMF's approach was a "pragmatic" one. After repeated failures of formal programs, the IMF had attempted last July to put in place a less formal, "Staff-Monitored Program." That too, failed.

[1](#)4. (SBU) The current IMF visit was aimed at helping Chad get to the point where the IMF could hope to put a Staff-Monitored Program in place. The IMF wanted to help Chad's public finance team, now led by competent technocrat

but political novice Gata Ngoulou (Finance Minister since September 2008), craft a reasonable 2009 budget. If the GOC could craft a proper budget and then show that it was adhering to sound public finance management procedures under it, the IMF could plan to visit again in the first quarter of 2009 to examine progress to date. If there were indeed progress, the IMF could conceivably put a six-month-long Staff-Monitored Program in place at that time.

15. (SBU) Singh noted the GOC's lack of budgetary discipline in many areas. One problem area was in the security/defense sector. Singh said that the IMF was not opposed to including substantial security/defense sector spending in the 2009 budget, but the GOC must be more transparent in the line items that made up the security/defense sector. It was not clear to the IMF just how many people were in the Chadian military: The GOC seemed to be paying 70-80,000 people, but it was not clear who or where they were and what they were doing. The GOC was telling the IMF that it would cut 2009 spending on military hardware by 75 percent from the 2008 level, but this seemed a very difficult accomplishment, however laudable. Singh said that Chad's capital spending in priority/social sectors -- health, education, roads -- was quite large, but that there was an utter lack of ministerial planning, follow-up, and coordination that rendered many capital projects useless. (Examples: schools without teachers or books; health clinics without staff or medicine.) In addition to taking a toll on Chad's fiscal position, the unfinished projects could have political and social ramifications because of unfulfilled expectations. Some key sectors, especially water and electricity, were not targeted for capital spending, which was holding back development.

16. (SBU) Singh said that he believed that Prime Minister Youssouf Saleh Abbas and his new Finance Minister were trying to do the right thing, but that others in the cabinet were not as friendly to the IFIs and far less willing to cooperate

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with them. Singh also said that the recent visit by the World Bank was encouraging, because the Bank and the Fund preferred to work in collaboration, which the absence of a resident Bank representative here made difficult.

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COMMENT  
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17. (SBU) We continue to admire the IMF's tenacity in maintaining a working relationship however frayed with Chad. The tale of Chad's budgetary deficiencies is an old one. We continue to hope that the IMF's patience with the GOC will finally start to pay off in 2009, but we are not/not yet prepared to bet on that outcome.

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